SEEING DIFFERENTLY, ACTING DIFFERENTLY?
NEW VENTURE PERCEPTIONS AND DECISIONS OF MANAGERS AND SUCCESSFUL ENTREPRENEURS

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Abstract: An experimental study was conducted in a sample of America’s most successful entrepreneurs and one of comparable large company managers to examine three research questions: Why do some individuals choose riskier ventures than do others? Do managers and successful entrepreneurs perceive new venture risk and potential differently? What accounts for differences, if any, in their decision-making behavior? The findings are equally interesting for the effects we found and did not find. We found that differences in risk propensity and in situational factors like the market competencies brought to a particular venture influence risky new venture decision-making; that perceptions of new venture risk and potential differ between managers and successful entrepreneurs, though in a direction opposite to that we hypothesized; and that individual differences, rather than group-level differences, are primarily responsible for the degree of risk taken by managers and successful entrepreneurs. Taken together, our results call for further research at the marketing/entrepreneurship interface and research into differences between managers and entrepreneurs, using samples of highly successful entrepreneurs and comparable managers in established firms.

INTRODUCTION

Consideration of risk and potential are crucial elements in decisions to enter new ventures, whether in established firm contexts, or in an entrepreneur’s quest to start a new firm. Entrepreneurial folklore has long viewed
entrepreneurs as bold and brash risk-takers, willing to defy all odds in their efforts to develop new technologies or find new market niches that will prove hospitable to their emerging firms. Theories of entrepreneurship view entrepreneurs as people endowed with superior alertness and the ability to cope with uncertainty, who seize opportunities, where mere mortals would not (c.f., Minniti and Bygrave, 1999; Stevenson, 1983). Indeed, a study of the beliefs of entrepreneurs from nine countries spanning three cultures found marked differences in the self-perceptions of entrepreneurs compared to others in their own cultures (McGrath, MacMillan, and Scheinberg, 1992).

Conversely, managers in many established firms are thought to be risk averse, preferring, for example, to introduce line extensions or product modifications instead of riskier, but more innovative, and possibly higher potential, new products (Cooper, 1984; Devinney, 1992; Stewart, Watson, Carland, and Carland, 1998). Both of these views have been challenged. Bird (1989), Ray (1994), and Timmons (1999) suggest that careful and prudent management of risk may more accurately characterize successful entrepreneurs. In support of this view, a study by Duchesnau and Gartner (1990) found that entrepreneurs actively sought to reduce risk in their businesses. On the managerial side, Lumpkin and Dess (1996) argue that entrepreneurial orientation may be vital for the success of established firms in today’s rapidly changing markets.

Concurrently, in the marketing strategy arena, recent research demonstrates the importance of marketing competencies to strategic decision-making in today’s highly competitive business environment. In particular, this literature has examined the role of various competencies in establishing sustainable competitive advantage (Porter, 1996), the sources of these competencies (Day, 1994), and the processes used in their acquisition (Li and Calantone, 1998). Given the critical importance of marketing competencies in new venture success (Chaston, 2000), one might expect that the suitability of such competencies to a new venture’s proposed market would influence decisions whether or not to pursue a particular venture. Further, the level of these competencies might be expected to have different effects on new venture decision making for entrepreneurs in resource constrained startups than on managers of new ventures in better endowed, more established firms. One conclusion that can be drawn from this stream of research is that no matter how good the idea for a new venture, without adequate marketing competencies, a new venture’s success is likely be more difficult to achieve.
PURPOSE

This paper addresses issues important to researchers seeking to better understand the marketing/entrepreneurship interface by examining three closely related questions, each one fundamental to the theory and practice of entrepreneurship, from marketing and behavioral decision theory perspectives. Why do some individuals choose riskier ventures than do others? Do managers and entrepreneurs perceive new venture risk and potential differently? What accounts for differences, if any, in their decision-making behavior? In particular, this paper examines the roles of marketing competencies, risk perceptions, and the risk propensity of the decision-maker as possible answers to these questions.

An emerging stream of research into the cognitions of entrepreneurs offers a source of possible answers to our research questions. As Schoemaker (1993:54) states, “people may act differently because they assess likelihoods for a given set of consequences or states of nature differently.” Extending this logic to the entrepreneur vs. manager comparison, Palich and Bagby (1995) found that entrepreneurs saw more opportunity in equivocal business scenarios than did non-entrepreneurs, while Stewart et al., (1998) found differences in risk propensity between managers and entrepreneurs. These studies, however, however, did not examine the extent to which such differences actually played out in entrepreneurial behavior. Further, the Stewart et al. findings must be weighed against earlier research (Low and MacMillan, 1988) and other recent research (Palich and Bagby, 1995) that found no differences between the risk propensity of managers as compared with entrepreneurs. Following similar reasoning, Busenitz and Barney (1997:24) speculate that, “it may not be the differences in risk propensity that distinguish entrepreneurs from managers in large organizations, but the ways they perceive and think about risk.” The speculation surrounding the roles of these individual differences variables is one of the issues examined in this study.

The exploratory experimental study on which this paper is based extends this line of research by comparing the perceptions and decision-making of managers and entrepreneurs endowed with differing levels of market competencies as they contemplate new venture decisions. The study brings together two streams of research, that on market competencies in the marketing strategy literature and the long-standing body of individual differences research in the entrepreneurship literature. Thus, our study not only directly addresses the marketing/entrepreneurship interface, but it explores the extent to which the marketing/entrepreneurship effects we
examine may differ for highly successful entrepreneurs as compared to managers in established firms. Finding answers to our research questions may shed light on how entrepreneurs can better adapt to risk, a constant companion in their endeavors, and how managers might build organizations that are more likely to adopt an entrepreneurial orientation (Lumpkin and Dess, 1996) in order to identify and pursue in a timely fashion the opportunities that today’s changing market and competitive conditions create. Such answers may also contribute more generally to a growing body of research on the role of risk, risk propensity, and risk perceptions in business decision-making (cf., Das and Teng, 1997; Forlani and Mullins, 2000; Shapira, 1995; Sitkin and Pablo, 1992; Sitkin and Weingart, 1995). Similarly, our findings may contribute to the marketing strategy literature (cf., Day, 1994; Li and Calantone, 1998; Porter, 1996) by providing a better understanding of the roles of marketing competencies and risk-based traits and cognitions in risky marketing decision-making such as that inherent in choices of new ventures.

OVERVIEW OF RESEARCH APPROACH AND SAMPLE

For reasons we discuss later, we chose to examine our research questions in an experimental study. In order to explore the possible differences in new venture perceptions and decision making between managers and entrepreneurs, our experimental approach required that we use comparable samples to represent these two populations. Our sample of managers in established firms consisted of participants in an executive education program for upper level managers at an American university. None of these executives had founded a new firm. Our sample of successful entrepreneurs consisted of CEOs of companies identified as the fastest growing public firms in the United States by three leading American business periodicals. All of the CEOs in our entrepreneur sample had founded at least one firm. We describe these samples in more detail in the Method section, later in this paper. First, however, we draw on theory from behavioral decision research and marketing to generate a set of testable hypotheses.

THEORETICAL DEVELOPMENT

We draw on the Baird and Thomas (1985) model of strategic decision making, which posits that five groups of variables (environmental, industry, and organizational factors; decision-maker factors; and factors associated with the decision itself) influence the amount of risk ultimately undertaken in a given strategic decision. In our study, we focus on three factors, two
that are inherent in the decision maker – perceptions of a new venture’s expected net benefit and the risk propensity of the decision maker – and one related to the market context – the suitability of the decision maker’s marketing competencies to the proposed venture. First, however, we address the constructs that lie at the heart of our study – risk and net benefit.

**Defining Risk**

Yates and Stone (1992) define risk as the degree of uncertainty and potential loss which may follow from a given behavior or set of behaviors. Yates and Stone identify three elements of the perceived risk construct: potential losses, the significance of those losses, and the uncertainty of those losses. In risky managerial contexts, where losses are almost always possible, it is the significance of any possible losses – or hazard, as we refer to it – and the uncertainty of realizing those losses that are likely to be most salient in driving risk perceptions and risky decision making behavior (Mullins, Forlani, and Walker, 1999). The hazard and uncertainty dimensions of risk argue, respectively, that greater potential hazard for a proposed new venture and greater uncertainty in anticipated returns for a proposed venture should lead decision-makers to view the venture as riskier than one having less hazard and less uncertainty, all other factors equal.

**Defining Net Benefit**

Inherent in the idea of uncertainty in anticipated new venture returns is the idea that the upside, as well as the downside, associated with a proposed new venture may vary. While the literature on risk tends to focus on the downside of possible outcomes, managers and entrepreneurs, of course, are most interested in the upside potential (Shapira, 1995). “If the venture is successful, how much can I gain?” The net benefit of a new venture decision reflects the decision-maker’s perceptions of the outcomes that will ensue by launching a new venture – its perceived potential less its perceived risk.

We now develop a theoretical rationale for how managers and entrepreneurs are expected to differ in their perceptions of new venture risk and potential and in their decision-making concerning entry into new ventures. For the purposes of our study, we use the word “manager” to refer to an individual who occupies a managerial position in an established large firm who has never been a founder of a new firm. We use the words “successful entrepreneur” to refer to an individual who has both founded one or more
new firms and successfully led one or more of these firms through a period of rapid growth.

**Perceptions of New Venture Net Benefit**

A variety of early literature in entrepreneurship examined differences – or the lack thereof – between managers and entrepreneurs in personality and other factors, such as risk propensity (Brockhaus, 1980), achievement motivation (Meyer, Walker, and Litwin, 1963), and other dimensions. The results of these early efforts to find clear differences between managers and entrepreneurs as individuals have been largely inconclusive (Low and MacMillan, 1988). However, more recent research into the cognitions of entrepreneurs has provided both theory (Baron, 1998) and evidence (Busenitz and Barney, 1997; Palich and Bagby, 1995) that we should expect entrepreneurs and managers to differ in how they view and think about their worlds.

The perspective advanced by this recent research is consistent with and supported by empirical evidence about the risk-taking of entrepreneurs and the risk averse behavior of managers (Devinney, 1992; McGrath, et al, 1992). Thus, one reason for entrepreneurs’ apparently risk-prone behavior – if it exists – may be that entrepreneurs simply see less risk than do managers in established firms. In short, some recent research suggests that entrepreneurs see risk differently than do managers, resulting in differences in their risk taking behaviors.

An alternative explanation for why entrepreneurs take more risk – if, indeed, they do – is that entrepreneurs see greater potential in new venture situations than do managers in established firms. Kahneman and Lovallo (1993) speak of a “cognitive blind spot” that causes forecasts of future results to be based on the glowing images of the future, rather than on the perhaps harsh lessons of the past. Baron (1998) argues that entrepreneurs, due to their focus on the future, may be especially susceptible to such optimism. Busenitz and Barney (1997) argue that entrepreneurs’ overconfidence and their willingness to generalize from limited experience may lead them to conclude that a situation is less risky than would managers in large organizations. Consistent with these predictions, Palich and Bagby (1995) found that entrepreneurs perceived more strengths than weaknesses, more opportunity than threat than did non-entrepreneurs when viewing equivocal business scenarios.
When combined, these perspectives on perceptions of risk and potential suggest that, when assessing prospective new venture opportunities, entrepreneurs might be expected to see more net benefit in proposed new ventures than managers. Additionally, based on expected utility arguments (Yates, 1990) and prior research (Sitkin and Weingart, 1995), we expect such net benefit perceptions to influence risk-taking behavior. Thus, we hypothesize:

H1: Successful entrepreneurs will perceive more net benefit in a set of proposed new venture scenarios than will managers in established firms.

H2: There is a positive relationship between perceived net benefit in a set of proposed new venture scenarios and the riskiness of the venture chosen. The greater the net benefit, the greater the risk in the new venture chosen.

**Market Competencies**

While theory does not indicate that there is a difference in market competence between managers and entrepreneurs, the amount of risk one is willing to take may depend on the market competencies possessed by the decision-maker. Competencies, especially those that are market-based, have been linked to competitive advantage, and competitive advantage is associated with long-term success (Day, 1994; Day and Wensley, 1988; Porter, 1996). While we found no research that demonstrates a relationship between a firm’s competencies and its risk taking behaviors, there is evidence of such an effect at the level of the individual (Heath and Tversky, 1991; Mullins, Forlani, and Walker, 1999).

For instance, the competence hypothesis (Heath and Tversky, 1991) indicates that “the willingness to bet on an uncertain event depends not only on the estimated likelihood of that event and the precision of that estimate; it also depends on one’s general knowledge or understanding of the relevant context” (p 7). In the case of a new venture, the source of market knowledge or understanding – or marketing competencies – may reside in the founder or one of the principals. Following the competency hypothesis, this line of reasoning suggests the following that, when making new venture decisions, those individuals with market competencies well suited to the proposed market should choose riskier ventures to fund. Thus, we hypothesize:

H3: There is a positive relationship between the suitability (to the proposed market for a new venture) of the decision-maker’s market competencies and the riskiness of the venture chosen.
Risk Propensity

We define risk propensity as an individual's general tendencies toward either taking or avoiding risks. This definition is consistent with those of Sexton and Bowman (1985), Sitkin and Pablo (1992), and MacCrimmon and Wehrung (1990) and is intended to reflect the decision-maker’s natural proclivity for security or potential in their risk taking behaviors. Empirical evidence (Lopes, 1987; MacCrimmon and Wehrung, 1990; Mullins, Forlani, and Walker, 1999) demonstrates a direct effect for risk propensities on risk taking behavior. However, the evidence for differences in risk propensity or the effects thereof across managers and entrepreneurs is less compelling. For example, Stewart et al. (1998) developed theoretical arguments for and found differences in risk propensity between managers and entrepreneurs, but Low and MacMillan (1988) and Palich and Bagby (1995) concluded that there were no such differences.

Given that most earlier studies (cf. Brockhaus, 1980; Stewart, et al., 1998) examined such differences in populations of entrepreneurs, or small business people running very small ventures, we decided to take a fresh look at these differences in quite a different population, i.e., among demonstrably successful entrepreneurs and comparable managers in established firms. We were interested in this population because previous researchers have theorized that inconsistencies in the results of studies of entrepreneurial phenomena may result from differences in the samples studied (Stewart, Carland, and Carland, 1996), and because understanding what makes highly successful entrepreneurs tick is of practical social and economic importance.

With such a perspective in mind, we drew upon a recent study by Chen, Green, and Crick (1998) that investigated the relationship between being a firm founder (or not) and degree of perceived self efficacy at various roles an entrepreneur would fulfill. Interestingly, the strongest predictor of being a firm founder was the actor’s perceived ability at risk taking. While self efficacy is a vastly different construct than risk propensity, the Chen et al. (1998) findings indicate that the entrepreneur, more so than the manager, needs to feel comfortable with risk taking. It seems that there are two potential sources for this comfort, either or both of which should be operative in the successful entrepreneur. One is a high degree of risk propensity (“I like risk taking”) the other a high degree of perceived risk taking ability (“I’m good at risk taking”). To the extent that perceived ability arises from successful experience, self-efficacy may help explain the relationship between risk propensity and risk taking behavior found in some earlier empirical studies (Krueger and Dickson, 1994). Thus, based on the
preceding arguments and empirical evidence and the Stewart et al., theoretical reasoning and results, we hypothesize:

H4: There is a positive relationship between an individual’s risk taking propensity and the riskiness of the venture chosen.

H5: Successful entrepreneurs will evidence greater risk taking propensity than will managers in established firms.

**METHOD**

Given the likely difficulty, in a field study, of controlling for the broad array of factors posited to influence risky new venture decisions in natural settings (Baird and Thomas, 1985), and to separate the effects of risk perceptions from “objective” risk, we elected to conduct an experimental study. This approach has advantages in internal validity for theory testing purposes, but may be criticized on grounds that the experimental task is not a real one with real payoffs. Given the conflicting findings of earlier research in this area, we deemed the trade-off acceptable.

We used t-tests to examine H1 and H5, which predict differences in risk perceptions and risk propensity between managers and successful entrepreneurs. To test the remaining hypotheses, which predict relationships between perceptions of the new venture’s net benefit (H2), market competencies (H3), risk propensity (H4) and risk taking behavior, respectively, we used the GLM linear regression procedure in SPSS (version 8.0).

**Sample**

The study required two samples: one of successful entrepreneurs and one of comparable managers in established firms. To obtain the first sample, we contacted by fax the CEO of every one of the 208 firms listed on one or more of the three different tabulations of the 100 fastest growing public companies in the United States (published in INC, Fortune, and BusinessWeek magazines in 1996). To qualify for one or more of these lists, companies were required to have annual revenues of at least $200,000 and must have been in business at least three years (median firm age for the INC 100 list was 8 years; mean firm age not reported for the other lists). We mailed experimental instruments to the 100 CEOs who agreed to participate in the study (48%), and asked them to mail the completed instruments back
to us via US Mail, to ensure anonymity. Forty-six (46%) of the instruments were returned. Five instruments were discarded because the subject indicated that he or she was not and had not been a founder of the current or any other new venture; another eight had missing data, leaving a usable sample of 33 successful entrepreneurs.

The resulting sample of entrepreneurs had founded from one to ten firms (mean 2.7 firms), ranged from 32 to 66 years of age (mean 48 years), and all were male. Their current firms averaged 1388 employees and ranged from $9 million to $1.2 billion in sales (mean $159 million), with mean revenue growth over two years of 1,450%. Unlike samples drawn from early stage startups used in some earlier research in this arena, where the firm's future success was yet to be known, we deemed these founders/entrepreneurs a suitable sample of *successful* entrepreneurs.

The sample of managers consisted of 22 participants in an executive education program for upper level executives at a large American university, none of whom had founded a new firm. These managers ranged from 34 to 67 years of age (mean 44 years), and all but two were male. Their firms averaged 3531 employees and ranged from $30 million to $900 million in sales (mean $230 million), with mean two-year revenue growth of 40.2%.

The individuals from both samples were judged to be reasonably similar in business background and experience, other than their role as successful entrepreneurs who had founded and were leading high growth firms, versus managers in established firms who had not been founders. This similarity is an important attribute of our study, given the sometimes vast differences in the profiles of entrepreneurs and managers in previous comparative research in this arena (e.g., 80% of the entrepreneur subjects in the Stewart et al., study ran firms of fewer than 10 employees, while 65% of their managers worked in firms of 250 employees or more). We sought such similarity across our entrepreneur and manager samples to help rule out alternative explanations for any findings. Though both samples were relatively small, we felt that their quality was an advantage (Katz 1989), and that they were of sufficient size for the experimental approach we intended to employ in our research.
Design and Procedure

To test our hypotheses and address our research questions, we created an experimental design in which we manipulated the degree of risk and potential associated with a set of hypothetical new venture alternatives at four levels and the suitability of the decision-maker’s market competencies at two levels. We also measured the subjects’ risk propensity.

Subjects were presented with a scenario that asked them to imagine that they were about to undertake a new venture. This scenario approach is similar to that used by Palich and Bagby (1995) in earlier research in this area. Subjects were given four new venture descriptions (see Exhibit 1), and were told that all four were in the same industry, required similar and manageable levels of start-up capital, and that all four could meet their targets for return on investment. The ventures were rotated to eliminate possible order effects. The individual venture descriptions were repeated, one per page, on the next four pages, along with instructions for responding to the dependent measures for perceived risk and potential provided on each page (see Exhibit 2). Next, subjects were asked which of the four ventures they would choose. Measures of the subjects’ risk propensity and the manipulations' effectiveness were then collected, followed by demographic characteristics of the subjects and their firms.

Manipulated Variables

The descriptions of the four new ventures from which the subjects were asked to choose were borrowed from similar new product descriptions employed by Forlani and Mullins (2000). Following the Yates and Stone (1992) definition of risk, the descriptions of the four ventures varied the uncertainty and hazard of the anticipated outcomes for the four new ventures while simultaneously varying their upside potential. These descriptions provided a scale of four ventures that had equal expected values but varied systematically in risk and potential. Two ventures had higher uncertainty (a 40% chance of meeting target return on investment (ROI) with a 30% chance of being over target and a 30% chance of being under target versus an 80% chance of meeting target ROI with a 10% chance of being over target and a 10% chance of being under target). Two had greater hazard and gain (possible outcomes $25 million over or under target versus $5 million over or under). Manipulating the uncertainty and hazard-gain elements ensured that both the risk and potential constructs were fully operationalized.
EXHIBIT ONE:
NEW VENTURE DESCRIPTIONS

VENTURE GREEN
There is a 30% chance of being under target by $25 million, a 40% chance of meeting target ROI and a 30% chance of going over target by $25 million.
Graphically the distribution appears as:

![Graph of Green's Outcomes](chart1.png)

VENTURE WHITE
There is a 10% chance of being under target by $5 million, an 80% chance of meeting target ROI and a 10% chance of going over target by $5 million.
Graphically the distribution appears as:

![Graph of White's Outcomes](chart2.png)

VENTURE PURPLE
There is a 10% chance of being under target by $25 million, an 80% chance of meeting target ROI and a 10% chance of going over target by $25 million.
Graphically the distribution appears as:

![Graph of Purple's Outcomes](chart3.png)

VENTURE YELLOW
There is a 30% chance of being under target by $5 million, a 40% chance of meeting target ROI and a 30% chance of going over target by $5 million.
Graphically the distribution appears as:

![Graph of Yellow's Outcomes](chart4.png)
EXHIBIT TWO:
MEASURES OF PERCEIVED NEW VENTURE RISK AND POTENTIAL

For each scale below, kindly circle the number which you feel best assesses the amount of RISK associated with this venture:

<table>
<thead>
<tr>
<th>Scale</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGH</td>
<td></td>
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<tr>
<td>MINIMAL</td>
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<td></td>
<td></td>
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<tr>
<td>NOT RISKY</td>
<td></td>
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<tr>
<td>LOW</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>EXTREME</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>VERY RISKY</td>
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</tr>
</tbody>
</table>

For each scale below, kindly circle the number which you feel best assesses the POTENTIAL UPSIDE associated with this venture:

<table>
<thead>
<tr>
<th>Scale</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGHLY ATTRACTIVE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOW POTENTIAL</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VERY ATTRACTIVE</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIGHLY UNATTRACTION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIGH POTENTIAL</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOT VERY ATTRACTIVE</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

The market competencies variable was manipulated at two levels, as follows. The manipulation was intended to have subjects believe that they either had or did not have market competencies well suited to the new ventures’ market. To make the operationalization believable, we did not impute or detract from the subjects’ real competencies or experiences; instead, we manipulated the stated suitability of their competence to the proposed venture, as shown in Exhibit 3.

Measured Variables

Perceived new venture net benefit: This measure, used in testing H1 and H2, is the mathematical difference between subjects’ assessments of each new venture’s potential and its risk, where three seven-point items assessed each construct, as shown in Exhibit 2. We chose to construct this variable rather than measure it directly for two reasons. First, as will be described in more detail later, we needed to measure perceptions of risk to validate the measure of new venture choice. Second, better insights into the roles of uncertainty and size of loss or gain can be gleaned by our having measured each construct separately.

To assess the reliability of these measures, first the unidimensionality of the scales was established; then their internal consistency was assessed (Churchill 1979).
To test for unidimensionality, each of the four scales was subjected to a factor analysis, from which single factor solutions emerged for each scale. The results confirmed the unidimensionality hypothesis. Item loadings for the new venture risk scale were .84 to .99, while item loadings for the new venture potential scale were .68 to .90. The internal consistency of the scales was indicated by coefficient alpha for the scales of .93 for the new venture risk scale and .84 for the new venture potential scale. Discriminant validity of the risk and potential constructs was indicated by an examination of the correlations among the scale items for each project. All three risk items were significantly correlated with one another (r = .74 to .88, p<.01), as were all three potential items (r = .56 to .75, p<.01), and none of the risk items were significantly correlated with any of the potential items. These tests indicate that the measures of risk and potential are valid and independent, and lend themselves to being combined to form the measure of perceived net benefit. Means and standard deviations for the two perceptual measures and the combined net benefit measure are provided in Exhibits 4, 5, and 6.

EXHIBIT THREE:
MANIPULATION OF MARKET COMPETENCIES

<table>
<thead>
<tr>
<th>Manipulated Variable</th>
<th>High Level</th>
<th>Low Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market competencies</td>
<td>The four ventures all serve the same market niche in which you have been successful before; thus your market skills and relationships are particularly well suited to any of the four ventures.</td>
<td>The four ventures all serve a completely different market than the one in which you have been successful before; thus your market skills and relationships are not at all well suited to any of the four ventures.</td>
</tr>
</tbody>
</table>

Risk Propensity: This measure, used to test H4 and H5, is a five-item scale that has been shown to validly assess risk propensity for financial decisions (Schneider and Lopes, 1986; Mullins, Forlani and Walker, 1999). The measure is shown in Exhibit 7. New Venture Choice: The development and form of this dependent measure was discussed above and is presented in Exhibit 1. It was used to test H2, H3 and H4, and reflects the riskiness of subject’s choice among the four new ventures. To use this measure in a regression model it must be shown to be an interval scale (Nunnally, 1978). This means that in addition to the rank-ordered requirement of ordinal measures, the riskiness depicted by each of the measure’s levels must be equally spaced.
While we borrowed this scale from earlier research in this area (Forlani and Mullins 2000), we confirmed the interval nature of the scale by measuring subjects’ perceptions of each new venture’s risk and examining the means. From the “overall perceptions” column in Exhibit 4, it can be observed that the differences between each pair of means are approximately equal. Further, a Tukey HSD test confirmed that all pairs of means are significantly different at the .01 level.

### EXHIBIT FOUR:
**MEAN PERCEIVED RISK SCORES FOR THE FOUR NEW VENTURES**

<table>
<thead>
<tr>
<th>Venture Label</th>
<th>Overall Risk</th>
<th>Management (n=22)</th>
<th>Entrepreneurs (n=33)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Perceived</td>
<td>Perceived Risk</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td><strong>Green</strong></td>
<td>5.53</td>
<td>4.95</td>
<td>1.40</td>
</tr>
<tr>
<td><strong>Yellow</strong></td>
<td>4.55</td>
<td>4.33</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Purple</strong></td>
<td>3.48</td>
<td>3.58</td>
<td>1.65</td>
</tr>
<tr>
<td><strong>White</strong></td>
<td>1.94</td>
<td>2.05</td>
<td>0.87</td>
</tr>
<tr>
<td><strong>Overall mean for the four ventures</strong></td>
<td>3.87</td>
<td>3.73</td>
<td>3.97</td>
</tr>
</tbody>
</table>

All items measured with seven-point semantic differential scales.

** Indicates that the means in this row are significantly different at alpha = .01.

### EXHIBIT FIVE:
**MEAN PERCEIVED POTENTIAL SCORES FOR THE FOUR NEW VENTURES**

<table>
<thead>
<tr>
<th>Venture Label</th>
<th>Overall Potential</th>
<th>Management (n=22)</th>
<th>Entrepreneurs (n=33)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Perceived</td>
<td>Perceived Potential</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td><strong>Green</strong></td>
<td>4.91</td>
<td>5.08</td>
<td>1.42</td>
</tr>
<tr>
<td><strong>Yellow</strong></td>
<td>4.05</td>
<td>4.48</td>
<td>1.24</td>
</tr>
<tr>
<td><strong>Purple</strong></td>
<td>4.86</td>
<td>5.09</td>
<td>1.46</td>
</tr>
<tr>
<td><strong>White</strong></td>
<td>4.15</td>
<td>4.45</td>
<td>1.12</td>
</tr>
<tr>
<td><strong>Overall mean for the four ventures</strong></td>
<td>4.51</td>
<td>4.78</td>
<td>4.33</td>
</tr>
</tbody>
</table>

All items measured with seven-point semantic differential scales.

* Indicates that the means in this row are significantly different at alpha = .05, Unequal variances assumed for Venture Yellow.
EXHIBIT SIX:
MEAN PERCEIVED NET BENEFIT SCORES FOR THE FOUR NEW VENTURES

<table>
<thead>
<tr>
<th>Venture Label</th>
<th>Overall Perceived Net Benefit</th>
<th>Managers (n=22) Mean Perceived Net Benefit</th>
<th>Standard Deviation</th>
<th>Entrepreneurs (n=33) Mean Perceived Net Benefit</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green</strong></td>
<td>-.62</td>
<td>.12</td>
<td>1.39</td>
<td>-1.12</td>
<td>1.89</td>
</tr>
<tr>
<td>* Yellow</td>
<td>-.50</td>
<td>.15</td>
<td>1.38</td>
<td>-.94</td>
<td>1.69</td>
</tr>
<tr>
<td>Purple</td>
<td>1.38</td>
<td>1.52</td>
<td>2.19</td>
<td>1.29</td>
<td>2.02</td>
</tr>
<tr>
<td>White</td>
<td>2.22</td>
<td>2.41</td>
<td>1.49</td>
<td>2.08</td>
<td>1.99</td>
</tr>
<tr>
<td>* Overall mean for the four ventures</td>
<td>.64</td>
<td>1.05</td>
<td>.36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All items measured with seven-point semantic differential scales. Perceived Benefit equals Perceived Potential less Perceived Risk
* Indicates that the means in this row are significantly different at alpha = .05.
** Indicates that the means in this row are significantly different at alpha = .01.

EXHIBIT SEVEN:
MEASURE OF RISK PROPENSITY

The following questions will help us better understand your personal feelings about risk. Please answer the following 5 items by circling the alternative (“a” or “b”) you would feel most comfortable with.

1. a) a 80% chance of winning $400, or b) receiving $320 for sure
2. a) receiving $300 for sure, or b) a 20% chance of winning $1,500
3. a) a 90% chance of winning $200, or b) receiving $180 for sure
4. a) receiving $160 for sure, or b) a 10% chance of winning $1,600
5. a) a 50% chance of winning $500, or b) receiving $250 for sure

RESULTS AND DISCUSSION

The results of our study, summarized in Exhibit 8 overleaf, were interesting both for what we found and what we did not find. We now discuss the results in detail.
**Manipulation Check**

A single-item, 7-point scale was used to examine the effectiveness of our manipulation of the decision-maker’s market competencies. The manipulation was effective, as the means spanned the scale’s midpoint and were significantly different at the .01 level. We also examined the effectiveness of the manipulations of uncertainty and hazard embodied within the four new ventures, following the procedure of Forlani and Mullins (2000), and found them significantly different at the .01 level.

**Comparing Managers with Successful Entrepreneurs**

H1 is the “seeing differently” hypothesis, and hypothesized that successful entrepreneurs simply perceive more net benefit than non-entrepreneurial managers in a set of new venture scenarios. H5 is the “being different” hypothesis, which hypothesized that successful entrepreneurs are naturally more risk prone than non-entrepreneur managers. The results of two t-tests show that the two groups perceived net benefit differently (t = 2.37, df = 53, p < .05), but that there was no difference in risk propensity between the two groups (t = .47, df = 53, p = .64).

Interestingly, however, the direction of the effect for H1 is opposite that predicted, indicating that managers and successful entrepreneurs do, indeed, see the world differently, but the managers are the ones wearing the rosy-colored glasses. A review of the perceptual means for each of the new ventures is revealing (see Exhibit 6). It appears that entrepreneurs are more apprehensive about high levels of outcome uncertainty, seeing negative net benefits to the two ventures high in uncertainty (both having 30% chances for being over or under target). A review of the data in Exhibits 4 and 5 drives this point home. The successful entrepreneurs saw Venture Green as riskier and Venture Yellow as having less potential than did the managers.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Prediction</th>
<th>Measures</th>
<th>Results</th>
<th>Indications</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Successful entrepreneurs will perceive more net benefit in a set of proposed new venture scenarios than will managers in established firms</td>
<td>Independent variable: Subject status as entrepreneur or manager. Dependent measure: Created measure of perceived net benefit.</td>
<td>t-test is <strong>significant</strong>, BUT direction opposite. Entrepreneurs see less net benefit than managers in new ventures</td>
<td>Entrepreneurs evaluate a new venture’s risk more pessimistically than do managers, especially its chance of loss.</td>
</tr>
<tr>
<td>H2</td>
<td>There is a positive relationship between perceived net benefit and the riskiness of the venture chosen. The greater the net benefit, the greater the risk in the new venture chosen.</td>
<td>Correlation between created net benefit measure and the riskiness of the new venture subjects’ choose to pursue.</td>
<td>Correlation is <strong>marginally significant</strong>. There appears to be a positive relationship between seeing and doing.</td>
<td>Perceptual differences between entrepreneurs and managers found in H1 appear to influence their risky choice behaviors.</td>
</tr>
<tr>
<td>H3</td>
<td>There is a positive relationship between the suitability (to the proposed market for a new venture) of the decision-maker’s market competencies and the riskiness of the venture chosen.</td>
<td>Independent variable: Skill suitability to the new venture. Dependent measure: Riskiness of subjects’ new venture choices.</td>
<td>F-test is <strong>significant</strong>. Having applicable market-based skills resident in the decision maker leads to more risk taking.</td>
<td>Who runs the venture matters. <em>Hiring</em> for market skills is less desirable, leading to less risk taking.</td>
</tr>
<tr>
<td>H4</td>
<td>There is a positive relationship between an individual’s risk taking propensity and the riskiness of the venture chosen.</td>
<td>Correlation between the risk propensity measure and the riskiness of subjects’ new venture choices.</td>
<td>Correlation is <strong>significant</strong>. A direct relationship between risk propensity and risk taking exists.</td>
<td>The individual’s attitude toward risk is reflected in his or her new venture decisions.</td>
</tr>
<tr>
<td>H5</td>
<td>Successful entrepreneurs will evidence greater risk taking propensity than will managers in established firms.</td>
<td>Independent variable: Subject status as entrepreneur or manager. Dependent measure: Risk propensity measure.</td>
<td>t-test is <strong>not significant</strong>. Entrepreneurs and managers do not act differently.</td>
<td>Under similar circumstances, entrepreneurs and managers make similarly risky choices.</td>
</tr>
</tbody>
</table>
The direction of these findings is in contrast to those of Palich and Bagby (1995), who found entrepreneurs more optimistic than managers. One possible explanation for the difference in results is the difference in the way the studies were operationalized. Palich and Bagby’s entrepreneurs may have seen more potential because their scenarios gave subjects qualitative data upon which to form these judgments. Our scenarios focused on financial outcomes and did not provide entrepreneurs with rich content they could use to infer potential in a qualitative fashion. In other words, our scenarios’ lack of content-rich data may have deprived the entrepreneur from forming their own, possibly more favorable estimates of each new venture’s financial outcomes.

Another possible explanation may be found in the predictions of the expert-novice literature (Johnson, 1988) and in the earlier research of those who suggest that entrepreneurial success is, in part, a function of the careful and prudent management of risk (Bird, 1989; Ray, 1994; Timmons, 1999). The complexity of new ventures, especially when compared to individuals’ limited rationality (Simon, 1955), makes it nearly impossible to appreciate, let alone know, a venture’s true risk until after a commitment is made and the venture is under way. Entrepreneurs who have made such commitments and who have triumphed in the end (like those in our sample) are more apt to realize that risk lurks in unexpected places and that not all opportunities are as attractive as they appear. Our results, which suggest that entrepreneurial success brings circumspection and discernment, paints a very different picture of the successful entrepreneur, one that allows him or her to see more risk and less potential in a prospective new venture than a manager, important traits for serial entrepreneurs in assessing prospective new ventures.

Our lack of support for H5, which predicted that successful entrepreneurs would have higher risk propensity than managers, is an important result, in our view. It is consistent with the findings of some who have investigated this relationship (Brockhaus. 1980; Low and MacMillan. 1988; Palich and Bagby. 1995), though it conflicts with the more recent findings of Stewart et al., (1998). It also suggests that risk-taking self-efficacy (Chen, et al., 1998) may be independent of risk propensity, meaning that entrepreneurs see themselves as good at taking risk, not that risk taking is something they like to do. This result also suggests that successful, experienced entrepreneurs may differ in their risk propensities from less experienced entrepreneurs or those running smaller or younger entrepreneurial firms, such as those studied by Stewart et al., (1998), and other earlier researchers. These results indicate that further comparative research using samples of experienced,
Predicting Risk Taking Behavior

Our remaining hypotheses predict positive relationships between perceptions of net benefit (H2), market competence (H3), propensity to take risk (H4), respectively, and risk taking behavior. These hypotheses were examined using the GLM procedure in SPSS (version 8). The effects of the two scaled measures of individual differences factors, net-benefit perceptions and risk propensity, were examined separately from the dichotomous factor, the manipulation of market competencies. The results of the first model indicate marginal support for H2 (perceived net benefit: beta = .20, S.E. = .110, p = .074) and clear support for H4 (risk propensity: beta = .35, S.E. = .103, p<.01). H3 was supported, as there was a positive and significant relationship between market competencies and risk taking behavior (F (1, 53 df) = 5.52, p<.05). These results indicate that risk taking is a function of both the individual and the situation.

The finding of only marginal support for H2 is surprising, perhaps, as it indicates that the difference we found between entrepreneurs’ and managers’ perceptions of new venture net benefit may not be not reflected in their risk taking behaviors. This result may reflect the independence of judgment and choice behaviors (Johnson and Russo 1984) and suggests that situational factors may be more influential than perceptions of risk for risk taking behaviors (recall that the perceptual measures of net benefit were taken before the manipulation of market competence).

Our findings for the effect of market competencies on the riskiness of new venture choices (H3) support and extend recent marketing strategy research by demonstrating the behavioral effect of this variable. The marketing strategy literature generally does not investigate effects at the individual level of analysis, but this finding indicates that such effects do exist and may warrant further research. This result also demonstrates the merit of the emerging body of research at the marketing/entrepreneurship interface, where individual-level studies may offer new insights not obtainable from firm-level constructs. Our results suggest that if part of the equation that leads to sustainable profitability involves the making of riskier strategic decisions, then the motivational impact of factors like market competencies should be considered in future efforts to model these types of strategic
relationships. Greater risk taking in a new business opportunity can be expected when the firm possesses market competence, while more conservative decisions will be made when such competencies are absent.

The support we found for H4 confirms the importance of knowing how much an individual likes to take risk when assessing risk-taking behavior. As Lopes (1987) suggests, those with a higher propensity for risk are motivated by hope, or the expectation that not only will the risk an action holds not manifest, but that its incumbent reward will. Conversely, those low in risk propensity are motivated by fear, or the expectation that the risk in an action will be realized. These two profiles suggest marked differences in the approach each individual will take toward risk. To one risk is a friend, especially if it is counterbalanced with a large potential reward (Schneider and Lopes, 1986). To the other risk is an enemy, one that should be avoided. Clearly, at their extremes, these motives toward risk taking can influence an organization’s new business creation decisions and strategies, resulting in potentially different long-term outcomes.

The support for H4 also confirms the findings of others (Forlani and Mullins, 2000; MacCrimmon and Wehrung, 1990; Mullins, Forlani, and Walker, 1999; Schneider and Lopes, 1986) and suggests that even in a world where committees make many strategic decisions, the individual is important. In other words, the natural proclivity of the decision-maker toward risk or security will influence the decisions this individual makes on behalf of an organization. Given how easy it is to assess this construct it seems reasonable that firms should incorporate this assessment in their hiring processes, especially for individuals who will occupy positions that involve making or overseeing risky choice decisions.

Our findings for H3 and H4 also raise the question of which effect has the greater impact on a leader’s risk taking behavior, the decision-maker’s risk propensity or his or her market competencies. In other words, one might ask which factors explain more variance in risk taking behavior, the ones that are a function of the individual or those that are a function of the situation (Baird and Thomas, 1985).

Mindful of the fact that ours was an experimental study, and that any interpretation of the relative effects of one variable compared to another must be viewed tentatively, we examined the relative strength of the individual differences factors (perceived net benefit and risk propensity) and
the situational factor (market competencies) investigated in this research. We estimated a regression model with all three factors as independent variables and new venture choice as the dependent measure. The results show that only risk propensity is a significant indicator of new venture choice (risk propensity $F_{(1, 51 \text{ df})} = 8.13, p<.01$; perceived net benefit $F_{(1, 51 \text{ df})} = 2.60, p = .114$; market competence $F_{(1, 51 \text{ df})} = 1.70, p = .198$). This result suggests that given the slate of variables we studied, the one that exerts the strongest, most consistent influence on risk taking behavior is the individual’s natural propensity toward risk taking.

With the only significant predictor in this model being risk propensity, these results provide evidence that there is no difference in the risk taking behaviors of managers and successful entrepreneurs as groups. To take another look at this conclusion, we ran a Chi square test on the choice frequency data in Exhibit 9. This test further affirms the conclusion of no difference in the risk taking behaviors across these two groups ($\chi^2 (2 \text{ df}) = .53, p = .77$). Thus, in spite of research that demonstrates entrepreneurs’ greater needs for freedom and self-actualization (Fagenson, 1993) or their self-efficacy (Chen et al., 1998), there is no evidence in our study to support the notion that entrepreneurs, as a group, act differently than managers, i.e., make riskier new venture decisions. Viewed in light of our other results, it would appear that differences among individuals, whether entrepreneurs or managers, and the situations in which they operate, are more important determinants of risk taking behavior than the groups – manager or successful entrepreneur – to which the individuals belong. Most venture capitalists, who place great emphasis on whom they choose to back with investment capital, would agree.

<table>
<thead>
<tr>
<th>New Venture Label and (Description)</th>
<th>Frequency of Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green (Highest Risk and Potential)</td>
<td>4 6 10</td>
</tr>
<tr>
<td>Yellow (Medium Risk and Potential, High Uncertainty and Low Magnitude)</td>
<td>0 0 0</td>
</tr>
<tr>
<td>Purple (Medium Risk and Potential, Low Uncertainty and High Magnitude)</td>
<td>8 15 23</td>
</tr>
<tr>
<td>White (Lowest Risk and Potential)</td>
<td>10 12 22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22 33 55</strong></td>
</tr>
</tbody>
</table>

Chi Square (2 df) = .534 (p = .766).
Overall, the results of our hypothesis tests and the additional analyses provide behavioral evidence that the overall riskiness of new venture choices does not differ between managers and successful entrepreneurs. This finding drives another nail in the coffin to dispel the folkloric notion that entrepreneurs can be generalized as bold and brash risk-takers who take dramatically greater risks in new ventures than do managers in established firms. Overall, the risk-taking behavior of the two groups, as evidenced by their new venture choices, was markedly similar. Important differences in cognitions do exist, consistent with the findings of Busenitz and Barney (1997), as reflected in our findings for perceptions of new venture net benefits, but the behavioral impact of these cognitions on the riskiness of new venture choices appears to be slight, especially compared to the individual decision maker’s risk taking propensity.

LIMITATIONS

The results of our study are equally interesting for what we did not find as for what we found, and provide new insights into the differences and similarities of the perceptions and behaviors of successful managers and entrepreneurs. Our experimental approach afforded us the opportunity, in a controlled setting, to directly compare successful entrepreneurs and managers in both judgment tasks (their perceptions of new venture risk and potential) and in behavior (their choices among the four new ventures). Like most studies, ours has its limitations and leaves interesting questions unanswered.

One limitation is that managers and entrepreneurs in real situations may not behave as did our subjects in the hypothetical situations in which they were placed in our study. Given the likely difficulty, in a field study, of controlling for the broad array of factors which are posited to influence risky new venture decisions in natural settings, and to separate the effects of risk perceptions from “objective” risk, we elected to conduct an experimental study. This approach has advantages in internal validity for theory testing purposes, but may be criticized on grounds that the experimental task is not a real one with real payoffs. Given the inconsistency of earlier empirical results in this area, we deemed the trade-off appropriate and acceptable.

Second, our samples of managers and entrepreneurs were small, and were drawn from relatively large business settings, both entrepreneurial and non-entrepreneurial, a trade-off we judged as acceptable for the high quality of the samples (Katz, 1989). These small samples were adequate for the
theory-testing task we undertook, in that they provided adequate power to
detect the effects we hypothesized (Kirk, 1982). However, caution should be
exercised in generalizing our results beyond the context and populations in
which this research was conducted.

Third, we chose to study decisions among a set of four new venture decision
alternatives whose investments and expected values were all equal. Such
precise equality of investments and expected values across proposed
ventures is unlikely in real situations.

**CONCLUSIONS AND FUTURE RESEARCH**

This research leaves several important questions unanswered. First, what is
it that led our entrepreneurs to be more circumspect about the potential for
new ventures? Why did we find circumspection in our sample of
entrepreneurs, where Palich and Bagby (1995) found more positive
categorizations? Was it their experience or prior success, as we speculate, or
something else?

Second, what role does what kind of information used to describe a venture
play in creating perceptions of risk and potential? How such information is
presented could have powerful implications for entrepreneurs seeking
capital for new ventures. Do managers – perhaps including those in banks or
venture capital firms – and successful entrepreneurs prioritize market,
competitive, and financial information differently in assessing
opportunities? What role does the use of decision rules play in the new
venture decision process? Why does the level of outcome uncertainty, more
than hazard and gain, appear to influence the decision-maker’s perceptions
of a new venture’s net benefit? If all ventures had highly uncertain outcomes
would perceptions still influence choice?

Third, what other contextual factors in addition to market competencies
influence the risk-taking behavior of managers and entrepreneurs? What
roles are played by factors such as previous experience, incentives, group
decision processes, and the outcomes of the decision-maker’s prior new
ventures? How do managers and entrepreneurs differ in their reaction to
these and other contextual factors? What levels of influence will these
factors exert relative to each other and to individual differences factors like
risk propensity?
Finally, for entrepreneurial efforts in either new firm or established firm contexts, how can such factors be managed to best match the appropriate degree of entrepreneurial risk-taking with the opportunity, the environmental conditions, and the planned strategy, so as to maximize the chances for new venture success?

We undertook our study to answer questions about the perceptions and risky new venture choices of managers and successful entrepreneurs. Specifically, this research posed three questions we examined at the marketing/entrepreneurship interface. Why do some individuals choose riskier ventures than do others? Do managers and entrepreneurs perceive new venture risk and potential differently? What accounts for differences, if any, in their decision-making behavior?

To the first question, our results indicate that differences in risk propensity and in situational factors like the market competencies brought to a particular venture influence risky new venture decision-making. However, the results also indicate that while market competencies do influence risk-taking behavior, their effect falls out in a multivariate analysis that includes an individual differences factor, risk propensity. Our study did not address the impact of other variables at the marketing/entrepreneurship interface – such as previous customer and supplier relationships, the depth of the customer insight and R&D capabilities in the firm (Day, 1994) – any or all of which might exert influence on risky new venture decision making.

To the second question, perceptions of new venture risk and potential do differ between managers and successful entrepreneurs. The results – surprisingly, however – show that entrepreneurs are the more cautious ones in perceptual terms; that these differences appear to be limited to ventures possessing high levels of outcome uncertainty; and that these differences do not carry over to produce differences in behavior. Our results also found no differences in the risk taking propensities of these two groups, consistent with some, but contrary to other, prior research.

Finally, to the third question, our findings lead us to conclude that individual differences, rather than group-level differences, are primarily responsible for the degree of risk taken by managers and successful entrepreneurs.
Taken together, our results call for further research into differences between managers and successful entrepreneurs – and between successful serial entrepreneurs and their more junior counterparts planning or running their first ventures – using samples of highly successful entrepreneurs and comparable managers in established firms. Such research, along with research into the effects of additional marketing variables on risky new venture decision-making, may shed new light on the inconsistent predictions of the existing literature and lead researchers to a better understanding of what factors lead to long term entrepreneurial success, an issue of vital social, economic, and practical significance.

REFERENCES


Churchill, G.A. (1979), A paradigm for developing better measures of marketing constructs, Journal of Marketing Research, 16 (February), 64-73.


